



## Department of Ecology

### *Model Toxics Control Act Funding for 2005-07*

The primary fund source for managing wastes and dealing with toxic chemicals in the environment was established in the Model Toxics Control Act passed by Initiative in 1988. This Act created a tax on hazardous substances, primarily petroleum based products. The tax is distributed into two accounts: the State Toxics Control Account (47%) and the Local Toxics Control Account (53%). Given the tax is tied to petroleum products (i.e. the price of oil), historically, revenues have been extremely variable. Oil prices fell as low as \$10 per barrel in 1998, requiring budget reductions to Toxics Account supported programs. As a result of this volatility, the agency implemented a strategy to manage the Toxics Accounts by capping expenditures for ongoing costs (primarily staff costs) at a level that is supported by revenue at least 80% of the time. Revenue above the capped amount has been used for the one-time projects, primarily cleaning-up additional toxic waste sites.

Since 1998, oil prices have climbed to a more steady condition, at or above \$35 dollars a barrel and, more recently, to over \$45 per barrel. For the 2005-07 biennium, this means there is enough capacity within the State Toxics Control Account to shift hazardous waste information activities back to the Account. In 1998, these activities were shifted to another fund source (Worker Community Right to Know Account), which no longer has the fund balance to support these activities.

Further, the money available for one-time projects is anticipated to increase. Ecology's budget proposal is based on the June 2004 forecast, which will allow for the one-time projects in the Beyond Waste plan noted below to be funded from the State Toxics Control Account. It is also expected that the September forecast will increase, allowing even more toxic site cleanups to be funded than are requested in this proposal.

The Operating Budget proposal requests funding from the State and Local Toxic Control Accounts to address ongoing and emerging needs related to moving beyond waste generation by investing more in waste prevention and reducing health risk from toxic chemicals.

### **Moving Beyond Waste: Investing in Prevention**

Despite being a national leader in recycling and waste management, Washington's waste is on the rise - with ever-growing costs to human health, the environment, state and local budgets, and business's bottom line. Solid and Hazardous Waste management programs historically have focused on regulating the waste stream and cleaning up waste sites. Working closely with local governments and other stakeholders, Ecology is in the final steps of updating both the hazardous waste plan and solid waste plan, which have not been updated since 1994 and 1991, respectively. These updated plans will combine to form the "Beyond Waste" plan, which will steer Washington toward greater prevention of waste and pollution. The budget proposes to increase funding in support of these efforts to prevent wastes from being created in the first place.

**Implement State Waste Plan** ~ \$3.35 million from the Waste Reduction/Recycling/Litter Control, State Toxics Control Account, and the Hazardous Waste Assistance Account, and 11 FTEs ~ The "Beyond Waste" plan will focus on: reducing the amount of toxic chemicals generated and used; utilizing more efficient and effective building materials; improving management of organic wastes & construction materials;

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and partnering with businesses and industries to both lower operating costs for business and reduce the use, generation, and disposal of toxics materials. To implement the Beyond Waste plan, Ecology will use \$3.35 million in new funding from three dedicated accounts.

<b>Reducing Health Risks from Toxic Chemicals</b>
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**Sharing Information about Health Risks**

**Community Right to Know Fund Shift** ~ *\$1.43 million from the Worker/Community Right to Know Account (WCRTKA) to the State Toxics Control Account (STCA)* ~ Ecology will shift the funding of \$1.43 million WCRTKA activities - hazardous waste community education, information and data management - from the WCRTKA to the STCA, ensuring these activities continue, and providing for sustainable appropriations from the WCRTKA in the future.

**Getting Toxic Chemicals out of the Environment**

**Methamphetamine Lab Cleanup** ~ *\$4.06 million transfer from the Local Toxics Control Account (LTCA) to the State Toxics Control Account (STCA)* ~ For the past two biennia, methamphetamine cleanup has been funded by a fund transfer from the LTCA to the STCA. To continue the current level of service, and consistent with the 03-05 biennium, \$4.06 million will be transferred from the LTCA to the STCA.

**Reduce PBTs in the Environment** ~ *\$867,000 from the State Toxics Control Account (STCA) and 2.9 FTEs* ~ Most sources of funding for implementing Ecology's strategy to reduce persistent bioaccumulative toxins (PBTs) in the environment expire at the end of the 03-05 biennium. Additional money from the STCA will allow Ecology to continue implementation of this important strategy.

**Cleanup Toxic Sites** ~ *\$538,000 from the State Toxics Control Account (STCA)* ~ With oil prices at record highs, \$538,000 from the STCA and any new revenue in subsequent projections will allow Ecology to clean up recalcitrant or orphan contaminated sites, while maintaining core activities funded out of this account.

**Enhance Voluntary Cleanups** ~ *\$270,000 from the State Toxics Control Account and 3 FTEs* ~ By sheer number, most cleanup of toxic waste sites are accomplished through the Voluntary Cleanup program. Approximately 40% of Ecology's costs associated with voluntary cleanup of toxic waste sites are paid for by the entity initiating the cleanup, so by reprioritizing existing cleanup dollars, the agency will generate additional revenue that will be used to meet the increasing demand for this important cleanup work.

Ecology is also requesting funds for two related proposals that have an impact on reducing health risk from toxic chemicals in the environment: Reduce Health Risk from Diesel Soot and Continue Marine Sediments Monitoring. However, these items are not requested to be funded from the State Toxics Control Account.

## **More information on Revenue Trends and Volatility Strategy**

The attached graphic displays the Hazardous Substance Tax revenue since 1990 for the State Toxics Control Account, indicating the capped amount or “safe staffing limit” projection. Again, this is based on the June 2004 revenue forecast. The September forecast is anticipated to increase, since oil prices have remained high.

The budget proposal for the 2005-07 biennium was developed in a manner consistent with the revenue volatility strategy, because all State Toxics Control Account budget additions are one of the following:

- Continuing current biennium work historically funded by STCA appropriations
  - Community Right to Know Fund Shift
  - Reduce PBT's in the Environment
  - Methamphetamine Lab Cleanup Fund Transfer
- Fully supported by new revenue
  - Enhance Voluntary Cleanups
- One-time appropriations for site cleanup or other prevention work
  - Implement State Waste Plan – all STCA funds requested for this are for one-time project activities
  - Cleanup Toxics Sites